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INFO RUEHZA/WHA CENTRAL AMERICAN COLLECTIVE
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E.O. 12958: DECL: 10 YEARS
TAGS: [SNAR](#) [EFIN](#) [PGOV](#) [PINS](#) [KCRM](#) [ES](#)
SUBJECT: MONEY LAUNDERING CHARGES AGAINST SALVADORAN
CONGRESSMAN/ARREST OF MAYORS MAY FOLLOW

Classified By: DCM Michael A. Butler for reasons 1.4(b) & (d)

¶1. (C) On September 25, the financial crimes division of the Salvadoran National Police (DAN) arrested the wife and mother-in-law of (substitute) Congressman Roberto Silva Pereira of the National Conciliation Party on charges of bribery and money laundering. A local bank manager implicated in the laundering scheme was also arrested. The police may later add charges of narcotics trafficking and tax evasion against all. As a congressman, Silva enjoys immunity from prosecution and has not been detained, although the Attorney General is preparing to present a strong package of evidence to the leadership of the National Assembly. Leaders in the Assembly have told emboffs that they will begin reviewing evidence against Silva at their September 28 plenary session.

¶2. (C) Leaders of all political parties have stated publicly that Silva will be considered innocent until proven otherwise, but that they will lift his immunity if the charges against him are substantiated. The National Assembly will have a maximum 60 day period to investigate Silva and decide whether to lift his immunity. Attorney General Saffie and National Police Director Rodrigo Avila assured Polcouns that evidence against Silva is irrefutable, and that Saffie will proceed against Silva once his immunity is lifted. Christian Democratic Party President Rodolfo Parker (protect) told Polcouns late September 25 that there are at least four mayors, two each from the ruling ARENA party and the PCN implicated in the money laundering scheme, and that they are to be arrested as well. Saffie (protect) assured Polcouns that those arrests will take place in the next 7-10 days.

¶3. (C) The bank manager, Oscar Mauricio Contreras of Banco Hipotecario, received remittances from the U.S. on behalf of a construction company and furniture exporter owned by the Silva family. After taking his cut, Contreras structured the transfers of the remittances to Silva's company accounts disguised as legitimate business transactions. Silva's wife and mother-in-law would then withdraw cash from those accounts to be paid to third or fourth parties. These withdrawals eventually became kickbacks paid to city hall officials in exchange for construction contracts in at least fourteen municipalities.

¶4. (C) Silva, a thirty-one year old former semi-professional soccer player, won a Congressional seat in the La Union department last March. Since that time, he has purchased a Porsche, Maserati, two luxurious beachfront properties, a San Salvador mansion, and a yacht. Still, he might have gone

undetected a while longer in his eastern hometown of La Union if his wife had not wired US\$40,000 from a bank in Houston to Contreras in Banco Hipotecario and listed it as a remittance.

Ironically, a sharp-eyed regulator at Banco Hipotecario spotted the ruse and filed a Suspicious Activities Report with the Fiscalía. Neither Post nor local police agencies indicate possessing conclusive evidence linking Silva to narcotics trafficking. Despite that, he fits the profile. He is from La Union, the same department which has a vast Pacific coastline, including the Gulf of Fonseca, and which produced former Congressman Eliu Martinez, who was deported to the U.S. in 2004 on drug trafficking charges.

15. (C) Comment: High-ranking GOES officials had earlier expressed concern that the PCN would try to turn Silva's arrest into a political circus, claiming that the arrest was intended to weaken the PCN. The initial public reaction from PCN congressmen and party leadership appears to indicate that Silva has become somewhat radioactive, and that his own party may keep him at arms length. The fact that indictments are coming against two ARENA mayors is likely to help Saca and the ARENA party leadership fend off charges that Silva's arrest is politically motivated.
Barclay